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INFO RUEHPB/AMEMBASSY PORT MORESBY PRIORITY 1650
RUEHWL/AMEMBASSY WELLINGTON PRIORITY 4753
RUEHBN/AMCONSUL MELBOURNE PRIORITY 3144
RUEHBD/AMCONSUL PERTH PRIORITY 1708
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C O N F I D E N T I A L SECTION 01 OF 02 CANBERRA 001517

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E.O. 12958: DECL: 09/25/2016
TAGS: [PGOV](#) [PREL](#) [MARR](#) [ELAB](#) [AS](#)
SUBJECT: OPPOSITION LEADER BEAZLEY WILL FIGHT PM HOWARD FOR
THE POLITICAL CENTER

REF: A. CANBERRA 1425 (VALUES PLEDGE FOR VISAS)

- [1](#)B. CANBERRA 1410 (ORGANIZED LABOR THROWS DOWN THE
GAUNTLET)
- [1](#)C. CANBERRA 1366 (AMB INTRODUCTORY CALL ON BEAZLEY)
- [1](#)D. CANBERRA 1244 (PM HOWARD STEPS OUT TOWARD 2007
ELECTIONS)
- [1](#)E. CANBERRA 1172 (LABOR AND UNIONS WOO HOWARD'S
BATTLERS)
- [1](#)F. SYDNEY 1198 (ALP WINS QUEENSLAND STATE ELECTION)

Classified By: Political Counselor James F. Cole for reasons 1.4 (b) and (d).

SUMMARY

[1](#)1. (C/NF) During a meeting with poloffs on September 25, Opposition and Australian Labor Party (ALP) Leader Kim Beazley's principal advisors vowed to fight John Howard's coalition for the political center. Though the ALP remains strongly supportive of the alliance with the United States, it will also continue to oppose the Australian military presence in Iraq. While supporting the global war on terrorism, a Beazley government would focus its foreign policy attention on regional issues, and on "practical" domestic security concerns like making the ports and airports safer. The advisors maintained that the strong economy is not the election-winning issue many people think it is. Many Australians have big mortgages, they noted, and the reduction in worker benefits under the Government's new industrial relations (IR) laws is frightening voters. In his campaign, Beazley will concentrate on "family issues" such as child care, education and skills training. The insistence of Kim Beazley for Australian values in immigration (see ref A) is also a key part of the ALP's move to the center, according to his advisors.

ONLY FOREIGN POLICY DIFFERENCE IS IRAQ

[1](#)2. (C/NF) On September 25, poloffs called on Kim Beazley's Chief of Staff David Fredericks (Protect), his principal policy advisor Michael Cooney (Protect), and his principal political advisor Jim Chalmers (Protect) to discuss the ALP's policy stances in leadup to next year's elections. They readily acknowledged PM Howard's advantage on national security but felt that Beazley's credentials were just as strong. He had been defense minister during the Hawke Labor Government; he was strong on the alliance with the United States and had signed the agreement establishing the Pine Gap facility. If Beazley could "get a draw" with the Government

on national security it would be enough.

13. (C/NF) The only real foreign policy difference between the ALP and the Coalition was Iraq, Beazley's advisors noted. Labor would keep Australian forces in Afghanistan but not Iraq. The ALP policy platform would instead give more emphasis to regional security concerns and pay more attention to "practical" domestic issues like airports, ports and infrastructure security.

THE ECONOMY IS NOT STRONG FOR MANY VOTERS

14. (C/NF) Beazley's advisors claimed that the economy is not the winning issue the Coalition thinks it is, and the changes in the IR laws will convince voters to switch to Labor. The current resource boom that is driving the economy ("digging rocks out of the ground") is subject to international market and political volatility. Many Australians, feeling wealthy because of rising property values over recent years, have assumed heavy debts and are apprehensive over benefits that they could lose under Howard's Industrial Relations law changes. They added that while older workers have some bargaining power with their employers, their children entering the workforce will have no protection. ALP will address the fears of Australia's workers over the security of their jobs.

15. (C/NF) Fredericks and Chalmers noted that Australia has fared poorly in education investment and the ALP will highlight Australia's urgent need to produce skilled and smart workers able to compete in an increasingly interwoven international economy. A middle-sized country like Australia needs to emphasize education and skills training if it is to compete globally, Fredericks stressed, and the Howard

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Government, by not emphasizing education, has left the country's workers and his government vulnerable.

QUEENSLAND IS THE KEY TO AN ALP VICTORY

16. (C/NF) Political advisor Chalmers agreed that capturing the parliamentary seats narrowly won by the Coalition in 2004 (called "marginal seats" in the Australian political lexicon) will be vital next year. While there are a few seats in the states of Victoria and South Australia and NSW that the ALP is focusing on, he said, the seats in Queensland will be the key to the election. While the ALP controls the state parliament, and recently won a big victory (ref F), 75 percent of the members of the Federal Parliament are from the Coalition. If the voters of Queensland can vote for the ALP at the state level, they should be able to do so at the Federal level as well.

THE 2007 ELECTION WILL BE A FIGHT FOR THE POLITICAL CENTER

17. (C/NF) Fredericks remarked that elections are won in the center, which is why Beazley's call for an Australian values pledge was important. Labor needs to recapture those blue collar voters who have sacrificed their economic interest for an ideological one. Respect for the rights of the worker is also an Australian value, Chalmers noted, and the ALP believes the IR issue will help them win back these voters (known as "Howard's battlers"). When asked about the Green Party, Chalmers responded that the ALP wanted the 10 percent in the Center, not the 10 percent on the Left -- and 70 percent of the Greens vote Labor with their second preference vote in any case.

COMMENT

18. (C/NF) These senior advisors confirmed what we have been reporting (refs B and E): the changes to the workplace relations laws will be a key issue in the election campaign. Despite the fact that the Australian public seems to be satisfied with the status quo and has reelected 12 of the 14

incumbent government since 2001, Chalmers strongly believes that voter antipathy to the new IR laws will be enough to stimulate a switch to Labor. That remains to be seen, but the ALP clearly has a well thought-out strategy that they believe will give them a fighting chance of winning the Federal election next year.

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